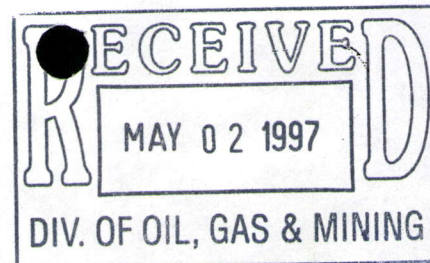


M/045/017



**American Technology, Inc.**  
**APPRAISAL CONSULTANTS REPORT**

**PRECIOUS ORE MINING EQUIPMENT**

**MILLING AND PROCESSING EQUIPMENT  
INCLUDING ALL STRUCTURES**

**PLANT SUPPORT EQUIPMENT  
INCLUDING ALL FACILITIES AND STRUCTURES**

**AT THE BARRICK MERCUR MINE  
TOOELE, UTAH**

**PREPARED FOR**

**BARRICK MERCUR GOLD MINE COMPANY  
TOOELE, UTAH**

**November, 1995**

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## SUMMARY SHEET

### DESCRIPTION OF THIS REPORT:

The purpose of this EQUIPMENT APPRAISAL REPORT, presented by American Technologies, Inc. (ATI), is to provide the mine owners realistic values that they can expect to get for the mine equipment once the decision has been made to officially close the mine operation when the richness of the gold content of the ore is at a point that it is no longer profitable to continue operations.

This report will cover three (3) alternatives that are available, that once implemented will yield considerably different financial returns to the ownership. This report will show the financial returns the mine can expect from each of these alternatives.

### EXISTING CONDITIONS:

The mine is presently operating at less than its designed output and the mine owners project its closing at the end of 1996. The equipment has been maintained to the very highest degree of excellence and will hopefully sell for the highest values possible for EQUIPMENT IN THE GOOD TO EXCELLENT CONDITION. A planned sale over a reasonable time to prepare for the sale of the entire inventory to a future user will help assure that the highest return on investment will be realized.

### ALTERNATIVES:

Three (3) alternatives can be considered when contemplating the return on investment when management is ready to sell the plant and all its capital assets. These alternatives are as follows:

- 1) **Sale of the entire plant as an operating facility prior to dismantling.** This gives a potential buyer the true feeling for the value of the plant. This would be the way we know the plant and all its equipment will bring in the best return to the present management. Please note the appraisal value listed under column titled "Promoted Package Sale." Using "Promoted Package Sale" is the same plan of operation and sales strategies used in the pre-qualification and solicitation for selected brokers and dealers but targeting mining companies for the ultimate complete mill and mine facility sale. Mine management must not over estimate returns with this plan of sales action. One important factor of the complete mill and mine facility sale will be total removal in its entirety and relocated to a new mine site location. The promoted complete facility sales efforts will need to attract qualified mining companies worldwide.



The foreign mining expansion is an active market at this time. Liabilities associated with a package sale to an end user should be reviewed by legal counsel to minimize potential exposure in a sale of this nature. Strong contract language will need to be included in all matters involving health and safety issues during construction and dismantling process. Any equipment liabilities will need to be identified and included in all contracts.

- 2) The second alternative would be to dismantle the entire plant, sell items of greatest value through an advertising sales campaign and store all the unsold equipment for an ongoing sales effort that may continue over a long period before most of the highest value items are sold, at discounted prices and for the remaining inventory to be sold as scrap and at scrap prices. At the time of the dismantling, equipment such as pumps, motors, valves and piping will have been sold to presolicited scrap and surplus dealers at scrap prices or less, just to get rid of the remaining items. For this alternative the figures are indicated under the column titled "Minimum Recovery".

"Minimum Recovery" will have two (2) approaches that need to be considered in a surplus and sales plan. The first approach should take into consideration a time schedule of events in the decommissioning and shut-down phases. With a time line and plan in place, advanced sales promotion to preselected major equipment brokers and dealers with qualifications of worldwide market abilities should be invited to bid on the complete mine and mill facility. ATI would recommend a select list of 10 through a pre-qualified process.

The advantage with this plan would be two-fold: **One:** the quality and financial ability of a major broker dealer can be most advantageous with a promoted sale of this nature. Large brokers and dealers have well established networks worldwide and the ability to attract a maximum return to the mine in an "orchestrated" sale. Highest bid candidates will have the ability to seek out their client base and re-sell facility whole or in part. Net results with this is a fixed price sales contract. Generally higher returns can be realized. The mine owner and management group are released from any follow-up activities or drawn out surplus scrap sales. Creative purchase proposals may include or be instructed to include shared profits on broker sales to the end user when sold as a complete package. Proposals could also request dismantling and total material removed as part of their conditions or purchase. Liabilities are two-fold, one for the removal and demolition process and second for the implied equipment performance and function after sale. These liabilities can be reduced greatly by contracting these functions through a third party for this type of mill deactivation.



**Two:** Large brokers and dealers will take on the risk of re-selling all or parts, but will be required to remove all as specified in the Purchase Proposals and Sales Contracts. Deposits and performance bonds always work best in these situations. The sales cycle, including the time and energy factor that a major sales campaign requires to complete a sales to the end user, can take considerable time. Brokers and dealers take on the liability risk and end user responsibilities.

The second approach to "Minimum Recovery" may be schedule driven. In the event brokers and dealers are not willing to step up with the bigger plan of purchase and the equipment has to be deinstalled, dismantled and packaged for sale, high purchase interest will still be there but much more selective. Key areas of higher interest will be where the purchases will start. As areas of less interest or more complex deinstallation appear re-sale appeal will result in a lower net return to the mine. When major equipment is surplus, removed from its working location and put on pallets the values start to decline fast.

- 3) A possible third alternative is to consider an auction sale that major requires advanced planning for an auction of this size. Mailing out the announcements, paying high fees and percentages to a contract auctioneer, and dependent on good weather can play an important part. The results of auctions are very uncertain. Only if large numbers of qualified participants attend will the best prices be realized. With mediocre auctioneers, and bad weather conditions prevail, the participation by important qualified buyers will be low with very disappointing results realized. Under good conditions, administration and management with timing of sale and favorable weather (summer vs a winter sale) the results in column 2 may be realized. Liability in this alternative can become more involved due having more buyers to deal with on health and safety issues. Equipment liability issues will need to be identified and the exposure element included in contracts prepared by owner agents and attorneys. The more people you have participate in an auction sales effort, i.e, dismantling functions by numerous contractor types, etc., risk liability will rise accordingly.

## CONCLUSIONS:

The net effect of this study we hope will help the mine management plan enough in advance of the contemplated sale of the plant and its equipment to assure a maximum return on the plant and its assets. To this end we would appreciate the opportunity to assist management in the future planning as we have contacts that we believe could satisfy the best scenario and ultimately obtain the amounts as indicated on page 6 of the itemized lists.

American Technology Inc., would be pleased to present a verbal review with Barrick Mercur Gold Mine committee members to discuss in great detail our approach to and the evaluations used to compile this report. Every area of this project site has a slight difference of attractiveness to the marketplace. From our perspective there is a very good opportunity for maximizing the net sales efforts for this project. With our optimistic views for successful surplusing of all items in our report there is a downside that needs to be identified and considered in all evaluations of the final approach to a surplus sales campaign. Waiting until the final production days of the mine and mill facility with late decisions to initiate the planned sales directions will result in low revenue returns on original capital investment. Continued employment of key individuals during the sale and removal process is very important and should be used in package sales promotion materials. Net returns on a total facility sale have all the possibilities of being well in the profitability column for Corporate American Barrick.



SECTION & NUMBER	ITEM DESCRIPTION	MINIMUM	ADVERTISED	PROMOTED
		PACKAGE RECOVERY	AUCTION SALE	PACKAGED SALE
	COMPLETE PROJECT	\$ 6,376,937.44	\$ 4,637,813.11	\$ 8,177,771.33

M/045/017

BUDGETARY RECLAMATION COST  
TO DISASSEMBLE AND RECLAIM  
THE BARRICK MERCUR GOLD MINE

PREPARED BY:  
SCOTIA CORPORATION  
May 18, 1995



# Scotia Corporation

## INTRODUCTION

This report has been prepared by Scotia Corporation at the request of Barrick Mercur for the Budgetary Reclamation Cost to disassemble and reclaim the Barrick Mercur gold mine process support facilities located in Mercur, Tooele County, Utah. This project will take place in the year 2002. The cost in this report reflects 1995 dollars and no allowance has been made for 2002 dollars.

The experience acquired by our staff has led us to innovative methods for the development and construction of remote "fast track" projects. Our ability to produce an entire project on short schedule, with extreme cost-consciousness is well proven. Our foremost objective is to deliver a high quality product that will return our client's investment in the shortest feasible time, and operate with the most cost effective investment by the Owner.

## BARRICK MERCUR PROJECT 94-3120

### SCOPE OF WORK

The following items will be strictly adhered to and followed for safety and for ease of disassembly and to maintain value for resale of equipment.

1. Safety would be top priority. All proper insurances and applicable contractor licenses will be enforced, as well as MSHA training.
2. Organization and proper direction for dismantling will be followed by Contractor.
3. Ample laydown and storage yards available. Loadout and storage areas will be designated for different types of equipment for maintaining its value.
4. Equipment tagging and match-marking for reinstallation will be required.
5. Steel building will be dismantled as a package for resale, including overhead crane, overhead doors, etc.; all steel siding will be bundled and stored on pallets.
6. All concrete piers and suspended slabs will be leveled to main slab grade.
7. M.C.C.'s, P.L.C. equipment and instrumentation devices will be placed in a secure, safe, dry storage area. All conduit openings will be plugged to prevent moisture from accumulating.
8. The autoclave system will require detailed take-down, packaging, marking and tagging.
9. Barrick Mercur will be responsible for reclamation, excavation and finished site grading.
10. HDPE pipe and fittings will be kept in a separate area from carbon steel pipe and fittings.
11. Underground utilities to remain where they are (water lines, sewer lines, electrical lines).
12. Utah Power and Light responsible for removal of transformers; not included in Budgetary Cost. U.P. & L. owns the high voltage line to Tooele.
13. Major equipment bearings and movable parts will be properly stored and covered in laydown area.



SUGGESTED SEQUENCE FOR DISMANTLING  
(See Chart 2A for Timeline)

1. Removal of truck shop, maintenance shop and warehouse building will open up additional laydown, and storage yard.
2. Cyanide and caustic make-up and storage area.
3. Lab and sample prep area.
4. Regeneration building and tanks.
5. C.I.L. building and tanks.
6. Reclaim hoppers and conveyors.
7. Lime slaking system.
8. High security building, bullion equipment and C.I.L. M.C.C.'s.
9. Autoclave Circuit
10. Surge tanks and oxide thickeners.
11. Radial stacker and conveyors.
12. Primary crushing building and components.
13. Water storage tank and fuel tank farm.
14. Sub-station and transformers.
15. Administration buildings.

# **TIMELINE SCHEDULE FOR DISMANTLING OF BARRICK MERCUR GOLD MINE**

AREA NO.

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9 MONTH 10 MONTH 11 MONTH 12 MONTH 13

DESCRIPTION	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	MONTH 13
CONTRACTOR MOBILIZATION													
#1 TRUCK & MAINTENANCE SHOPS													
#2 CYANIDE & CAUSTIC STORAGE													
#3 LAB & SAMPLE PREP. AREA													
#4 REGEN. BLDG. & TANKS													
#5 OIL BLDG. & OIL TANKS													
#6 RECLAIM HOPPERS & CONVEYORS													
#7 LIME SLAKING SYSTEM													
#8 HIGH SECURITY BLDG. & MOCS													
#9 AUTOCLAVE CIRCUIT													
#10 SURGE TANK & OXIDE THICKENERS													
#11 RADIAL STACKER & CONVEYORS													
#12 PRIMARY CRUSHING BLDG. & COMPONENTS													
#13 WATER STORAGE & FUEL TANK FARM													
#14 SUB STATION & TRANSFORMERS													
#15 ADMINISTRATION BLDG.													



### EQUIPMENT AND LABOR COSTS

Based on the labor breakdown for each item listed in the Equipment List, the total would be as follows with completion in one year.

Quality Control and Safety Personnel	\$ 171,641
Skilled labor	\$2,146,964
Equipment Rental-Cranes, forklifts, trucks, etc.	\$ 842,400
Utility Cost	\$ 130,000
SUBTOTAL	\$3,291,005
Contingency	\$ 0.00
TOTAL	\$3,291,005